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C O N F I D E N T I A L SECTION 01 OF 03 MADRID 000338

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FOR EUR/WE; WHA FOR A/S TOM SHANNON AND PDAS CHARLES SHAPIRO

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SUBJECT: SPAIN: TOUR D'HORIZON WITH MFA LATIN AMERICA UNDER
SECRETARY

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Classified By: DCM Hugo Llorens for reasons 1.4 (b) & (d)

¶1. (C) Summary: Over lunch, the DCM and MFA State Secretary for Latin America Trinidad Jimenez engaged in a review of the situation in Latin America. Jimenez sees the region as emerging from a very dynamic political and electoral season in 2006. Spanish objectives in 2007 are to help manage the change and achieve stability while promoting democracy, rule of law and extensive Spanish economic interests. While recognizing the difficulties, she remains upbeat about Latin America's prospects and expressed optimism that the region's two natural leaders Brazil (with Lula) and Mexico (with Calderon) would help balance the threats emerging from Venezuela and Bolivia. On Cuba, she admitted that the Spanish government was privately holding high level conversations and under consideration was a visit to Havana by FM Moratinos, but only if "conditions were right." The DCM responded that we wanted to work closely with Spain and the EU on supporting a democratic transition in Cuba, but suggested that a Moratinos visit could be unhelpful and that a surprise announcement could lead many in Washington to conclude that communication had broken down on matters related to the island. Jimenez stressed that no final decision had made on a visit; DCM urged her to closely consult with us. Jimenez also said she plans to visit Washington with an interagency team in April. When DCM raised recent unhelpful comments by President Zapatero on the US role in Latin America, Jimenez acknowledged that the US had contributed extensively to democracy, civil society and human rights in the region. End Summary

¶2. (C) During a luncheon with DCM, joined by PolCouns and Jimenez chief of staff Juan Carlos Sanchez Alonso, MFA State Secretary for Latin America Trinidad Jimenez displayed a

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wide-ranging command of Latin America issues. She has moved rapidly since her appointment several months ago to develop and deepen key contacts in Latin America through extensive travel to the region. She wants to hold another session of the US-Spain Latin America Working Group in New York on the margins of UNGA this September, in addition to a trip to Washington in April she would like to undertake as the leader of an interagency Spanish team to discuss both political and economic aspects of Latin America policy.

¶3. (C) Jimenez sees the region as emerging from a very dynamic political and electoral season in 2006. Spanish objectives in 2007 are to help manage the change and achieve

stability while supporting democracy, rule of law and extensive Spanish economic interests. While recognizing the difficulties, she remains upbeat about Latin America's prospects and expressed optimism that the region's two natural leaders Brazil (with Lula) and Mexico (with Calderon) - would help balance the threats emerging from Venezuela and Bolivia. Jimenez sees the Southern Cone as a fulcrum of stability and predicts continued strong growth in Argentina, Brazil, Chile, and Uruguay. She also expressed optimism about Central America and lauded the Central America Free Trade Area (CAFTA) as a very positive development. She says intense "roll up your sleeves" diplomacy is needed in Nicaragua, but believes that Daniel Ortega can be kept in the democratic box. Jimenez described Peru as a model for what can be achieved and believes Alan Garcia's leadership and example will be important to the Andes and beyond.

¶4. (C) DCM noted Spanish President Zapatero's comment on the desirability of Cuban democracy during a January 24 speech, saying that Washington had appreciated this public affirmation of Spain's ultimate objective in Cuba, and hoped that more Spanish commentary along these lines could be expected. However, other elements of Zapatero's speech contributed to a broader European misunderstanding of the current US role in Latin America and the huge amount of funding and efforts the US has provided over many decades in support of democracy, civil society and human rights in the region. DCM noted that both Spain and the US in the past have had negative images in Latin America, but that during the current Administration, US support for Latin America has doubled to \$1.6 billion--and in fact during recent Administrations this type of assistance enjoyed wide bipartisan support in Washington. He also pointed to the President's upcoming trip to the region as evidence of our strong interest in Latin America beyond commercial/economic interests.

¶5. (C) Jimenez acknowledged the positive US role in Latin America on democracy-building, elections monitoring and related issues; she noted, however, that Spain's historical problems in Latin America took place much farther in the past than those of the US. She said that her government very much

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welcomes and supports WHA A/S Shannon's approach in Latin America (she called it the "Shannon Doctrine") and appreciates his willingness to consult with Spain through the US-Spain Latin America working group. She pointed to Spain's contribution of \$700 million in development assistance in recent years and said that the GOS had created her post a few months ago in order to provide a more strategic, integrated focus on Spain's policies in Latin America. She recently chaired a conference for Spanish Chiefs of Mission at Latin American Embassies adding that she plans to invite A/S Shannon to address the conference later this year, probably in July. Jimenez said she wanted to lead an interagency Spanish team for meetings in Washington in April as part of the Working Group. She also urged agreement on another working group meeting under the margins of UNGA in September as had been held during the previous two UNGA sessions. DCM agreed both would be very useful and undertook to convey these ideas to Washington.

¶6. (C) DCM raised rumors we are hearing on the diplomatic circuit in Madrid that Moratinos may visit Cuba in the near future. She admitted that the Spanish government was privately holding high level conversations and under consideration was a visit to Havana by FM Moratinos, but only if "conditions were right." The DCM responded that we wanted to work closely with Spain and the EU on supporting a democratic transition in Cuba, but suggested that a Moratinos visit could be unhelpful and that a surprise announcement could lead many in Washington to rightly conclude that communication had broken down on matters related to the island. Jimenez said that no final decision had been made on a visit and that she was looking forward to working closely

with Assistant Secretary Tom Shannon on common initiatives including on Cuba.

¶7. (C) Jimenez also said that she herself would visit Cuba soon after having a rocky start with the Cuban government over her own previous strong comments about the Cuban human rights situation when she was International Affairs Director for the Socialist party and charged with liaison functions with Cuban dissidents.

¶8. (C) DCM expressed disappointment that Spain had not delivered on its promise to develop an EU statement on a democratic transition in Cuba, nor on a joint US-Spain statement. He said Zapatero's line in the January 24 speech was helpful but that the Cuban government needed to hear a strong message loud and clear from the international community about what the outside world expects as the Cuba moves into a new phase.

¶9. (C) Jimenez agreed that Castro would no longer command in the island, but saw no move to a genuine transition until Castro physically passed from the scene. She said that the GOS believes that the current Cuban leadership fear reprisals and want protections and guarantees before they make any moves to open up the political and economic system. The GOS wants to help the Cuban government manage the change.

¶10. (C) Discussion during the luncheon also touched on a number of other key issues:

--Nicaragua: Jimenez said there is a better than even chance that Ortega can be kept in the democratic box. She noted the greeting he gave to the US delegation during his inauguration was a sign that he wanted to have channels open with the US. She agreed with DCM's observation, however, that if Nicaragua went bad, this would have serious repercussions in all of Central America.

--Ecuador: Spain is working intensively with Correa and Jimenez herself has met with him three times. She pointed to some success to Spanish efforts, saying the GOS had helped convince Correa not to close down the Ecuadorian Congress. She noted the debt issue as the key problem looming over Correa and his government.

--Brazil: Brazil is feeling its oats as a larger power and Lula is doing the right things, according to Jimenez. Jimenez said that Lula needed to provide more active leadership in the region to balance Chavez and Morales. She noted that unlike Cardoza, Lula has been more ambivalent about assuming a more forceful leadership to counter Chavez; both Jimenez and DCM agreed Lula should be encouraged to do so, and that assuming responsibility is a price of its power in the region.

--Argentina: Jimenez agreed that the US policy of "strategic patience" with Kirchner is finally playing out positively and

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that Argentina is now moving in the right direction. Both Jimenez and the DCM agreed that Kirchner's brand of populist politics and temperament would assure "good days and bad days," but that the trend line was in the right direction.

--Mexico: Though a great admirer of Calderon, whom she deemed as the best of the current group of younger leaders in Latin America, Jimenez said that the Mexican system's weakness and corruption could hamper any progress Calderon hoped to make. However, she sees that Mexico and Brazil must work together, as the region's two natural leaders, to contain Chavez and anti-democratic populism. DCM noted that the recent breakup of a key drug cartel was a good message to those who benefit from the drug trade and its inherent corrosive influence.

--Guatemala: Jimenez expressed serious concern about

Guatemala, particularly because of the intensity of the drug trade. DCM said that this drug trade had a huge impact on Spain because much of the cocaine and other drugs from Colombia traveled through Venezuela and Central America to Spain. For this reason, the US had a strong relationship with the Spanish Interior Ministry and police on drug issues and Interior Minister Rubalcaba was interested in the kind of international, interagency approach to monitoring drug routes the US has taken with Joint Task Force South (JTAF) in Key West, where Spain has a representative. DCM also mentioned that Spain will host the International Drug Enforcement Conference (IDEC) in several months -- one of the major groupings of its kind and the first time the conference would be held outside of Latin America.

--Peru: She sees Peru as a positive force in the troubled Andean region and praised the leadership of Alan Garcia.

Comment: Jimenez clearly has taken charge of her portfolio following some concern after her appointment that she and Deputy Foreign Minister Bernardino Leon, who had previously held the portfolio, would clash over turf. Embassy has developed good contact with her over the years, including during her time as International Affairs Director for the PSOE party. Jimenez is an IV grantee and speaks excellent English. She also maintains a hand in Spanish politics, as a protege of former PSOE President Felipe Gonzalez, and one of the early small group of supporters who helped Zapatero win the party leadership in 2000. We support her visit to Washington in April in a time frame that suits A/S Shannon, and believe continued strong ties by Washington and Embassy Madrid with Jimenez are a necessary element of US-Spain consultations on Latin America.

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